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1984
COMMITTEE
on
TAXATION

LEGISLATIVE
SUMMARY

GOVERNMENT DOCUMENTS
COLLECTION

AUG 10 1987

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1984

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1984

Number of
Petitions
Referred

1200

1100

1000

900

800

700

600

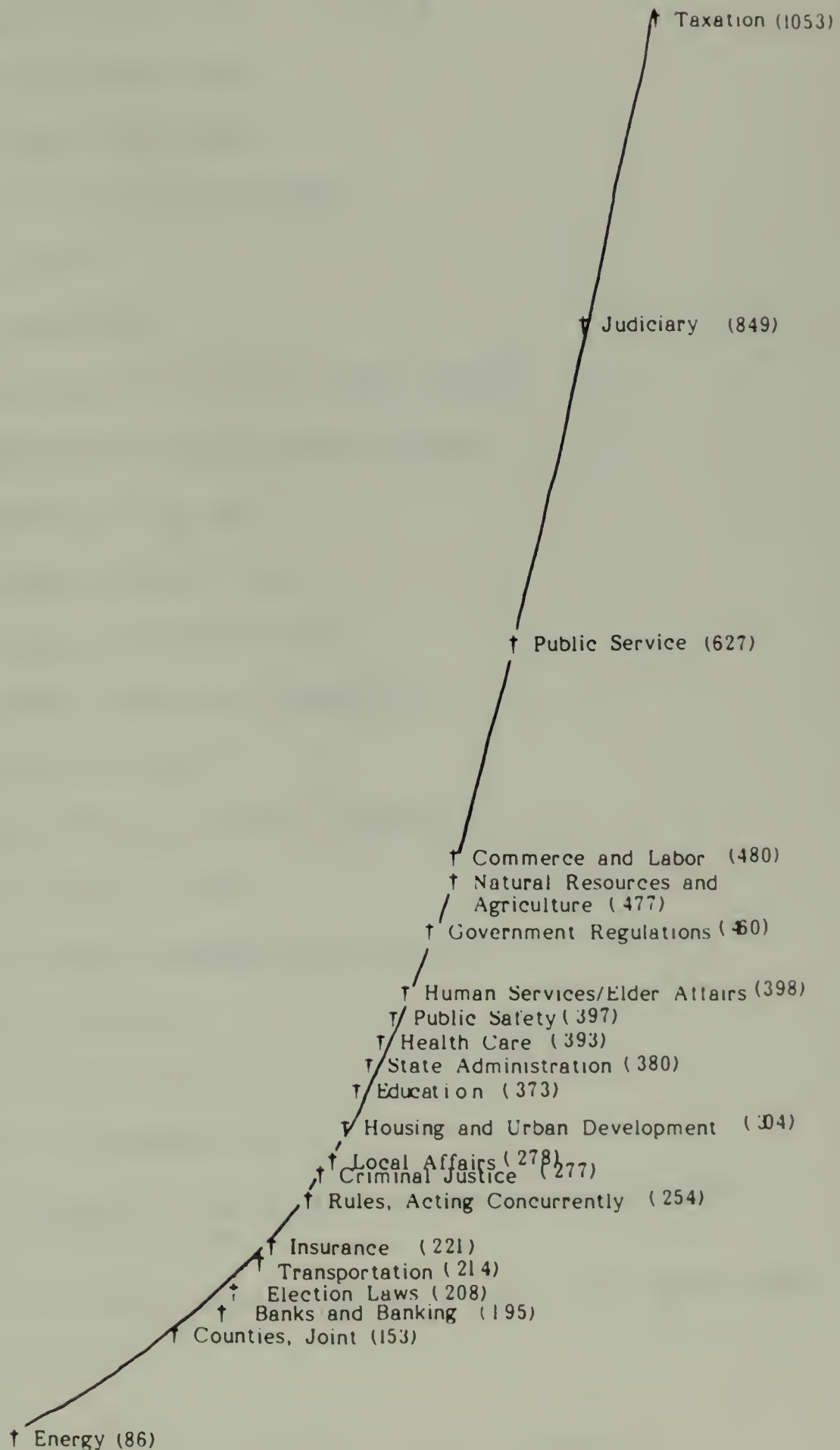
500

400

300

200

100



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Chapter 19. AN ACT FURTHER REGULATING THE CONDUCT OF
(H.5322) CERTAIN GAMES CONDUCTED AT ELDERLY HOUSING
PROJECTS.

Senior Citizen groups may operate beano games for their members without being licensed as long as wagging doesn't exceed 25 cents and prizes are of nominal value. Chapter 19 will exempt the game's gross receipts from the 5% tax administered by the Lottery Commission.

Approved April 12, 1984

Chapter 20. AN ACT INCREASING THE RATE OF INTEREST THAT MAY
(H 600) BE CHARGED AGAINST UNPAID SEWER DRAIN AND SIDEWALK
ASSESSMENTS.

This Chapter increases the rate of interest charged against unpaid sewer drain and sidewalk assessments to eight per cent.

Approved April 12, 1984

Chapter 33. AN ACT RELATIVE TO THE MOTOR VEHICLE EXCISE TAX
(H5516)

Beginning in January 1985, the motor vehicle excise tax will have a minimum excise of five dollars per vehicle. Abatements cannot reduce the excise below the minimum of five dollars and taxpayers will not receive abatement refunds unless the amount refunded exceeds five dollars. All excise bills will be due and payable within thirty days of receipt (previously 60 days).

These changes have been enacted so that expenses incurred for the administration and collection of the excise at the local level will not exceed the excise collections. Since the motor vehicle excise has been reduced from \$66/1000 to \$25/1000, the cost of collection greatly exceeded the tax due in many cases, and in addition, the cities and towns had to wait sixty days for payment to be received, adding further to the expense of collection.

Approved May 8, 1984

Chapter 53. AN ACT FURTHER REGULATING THE ASSESSMENT OF CERTAIN
(H.238) REAL OR PERSONAL PROPERTY.

The law currently authorized cities and towns, with prior approval of the Commissioner of Revenue, to assess real or personal property omitted from their annual property tax assessment at any time the omission is discovered, but no later than June twentieth of the tax year.

A number of communities undergoing certification have been unable to assess taxes and mail bills until late in the fiscal year and in some cases not until after the June twentieth date. As a result; these communities have either been unable to make omitted assessments in a timely fashion, or have required special legislation to permit omitted assessments after June twentieth. This situation may well occur in future years as communities update their valuations and seek triennial certification.

Chapter 53 will alleviate the problem faced by these communities by permitting omitted assessments up to June twentieth or ninety days after the mailing of the tax bills, whichever is later.

Approved June 7, 1984

Chapter 54. AN ACT FURTHER REGULATING THE EFFECT OF COMMONWEALTH
(H.262) TAX LIENS ON REGISTERED LAND.

The current laws provides that a holder of a certificate of title for registered land holds such land free of all encumbrances unless the encumbrances are noted on the certificate itself, with certain exceptions. Among the exceptions are federal liens for unpaid taxes and "taxes within two years after they have been committed to the collector".

The latter provision is somewhat ambiguous, but appears to apply only to local real estate taxes. The Commonwealth is, therefore, unprotected as to unpaid state taxes owed by a holder of registered land unless such lien is noted on the certificate itself.

This chapter will add an exception for liens of the Commonwealth for unpaid taxes and thereby give the Commonwealth's tax liens the same protection as is presently afforded to federal tax liens. Since the tax liens of both the United States and the Commonwealth are recorded and separately filed in the registries of deeds, this proposed amendment would not impose any significant added burden upon one searching land titles.

Approved June 7, 1984

Chapter 55. AN ACT RELATIVE TO THE PAYMENT OF CERTAIN TAXES.

(S. 1690)

Cities and towns can now choose to have a single property tax bill in circumstances in which the tax payment due is \$25 or less.

Approved June 8, 1984

Chapter 61. AN ACT RELATIVE TO CERTAIN FINANCIAL BURDENS ON THE
(H.5521) TOWN OF METHUEN CAUSED BY THE FLOOD OF NINETEEN
HUNDRED AND EIGHTY-THREE

The City known as the town of Methuen experienced unusual financial burdens due to the Merrimack River flooding in March of 1983. Chapter 528 of the Acts of 1983 provided some financial relief for certain expenses. This chapter would allow some of the funds appropriated to be used to reimburse Methuen for the cost of abatements granted due to flood damage.

Approved June 12, 1984

Chapter 103. AN ACT PROVIDING FOR ABATEMENT OF TAXES CAUSED BY A
(H.5886) FIRE IN THE CITY OF PEABODY ON MAY TENTH, NINETEEN HUNDRED
AND EIGHTY-FOUR

Peabody had a major fire in May of 1984. Considerable property was damaged or destroyed. This chapter will allow the assessors to grant abatements to the property owners affected.

Approved June 25, 1984

Chapter 151. AN ACT PROVIDING FOR THE ELIGIBILITY OF HOUSES OF WORSHIP
(H.5975) FOR PROPERTY TAX EXEMPTION AND APPLICATION FOR ABATEMENT

Chapter 670 of 1983 raised the "Parsonage Exemption" from \$100,000 of valuation to \$400,000 of valuation. Since this chapter was not effective upon passage, some religious property was assessed under the old provisions and in the meantime the deadline for applying for an abatement expired before the higher exemption provisions took effect. This chapter allows abatements to be granted to those who lost the exemption under these circumstances, as long as all other eligibility requirements have been met.

Approved July 5, 1984

Chapter 165. AN ACT AUTHORIZING FURTHER ESTIMATED TAX PAYMENTS IN
(H. 5916) CERTAIN CITIES AND TOWNS.

This special act allows cities and towns that have not yet completed revaluation programs for fiscal year 1984 to issue a second estimated tax bill in order to avoid substantial borrowing costs due to their inability to mail timely tax bills. This authorization is an attempt to promote local fiscal stability. Four major cities, and possibly fifteen towns will need to make use of this special act. Any remedies or exemptions applicable shall be resolved, once the tax rate is certified.

Approved July 5, 1984

Chapter 175. AN ACT AUTHORIZING ESTIMATED TAX PAYMENTS IN CERTAIN
(H.5925) CITIES AND TOWNS.

This chapter authorizes cities or towns undertaking a general revaluation scheduled for completion prior to February, 1985 to send out estimated tax bills for the first half of fiscal year 1985, not to exceed fifty per cent of the tax payable during the preceeding fiscal yar. "Estimated Tax Bills" can be greater than fifty per cent of the previous year's bill as a result of the anticipated loss of an exemption from tax

that has been granted in the past. Communities must meet conditions established by the Commissioner of Revenue. The tax bills have the full force of law. Any remedies or exemptions applicable from the date that the tax bill is issued, shall be resolved, once the tax rate is certified.

Approved July 10, 1984

Chapter 177. AN ACT AUTHORIZING ESTIMATED TAX PAYMENTS FOR THE TOWN
(S1958) OF WELLESLEY FOR THE FIRST HALF OF FISCAL YEAR NINETEEN
HUNDRED AND EIGHTY-FIVE

This chapter authorizes the town of Wellesley to send out estimated tax bills for fiscal year 1985 not to exceed fifty percent of the tax payable during the preceding fiscal year. Any remedies or exemptions applicable from the date that the tax bill is issued shall be resolved, once the tax rate is certified. This special act for Wellesley is necessary because Wellesley is not undertaking a general revaluation, and hence, does not qualify to take advantage of the provisions of Chapter 175 of the Acts of 1984.

Approved July 10, 1984

Chaper 187. AN ACT RELATIVE TO LOCAL ASSESSED VALUATION OF CERTAIN
(H.6026) PARCELS OF LAND.

Chapter 187 amends Proposition 2 1/2 and provides some relief to certain communities that are experiencing fairly extensive commercial/industrial development, but are not benefiting from the new valuation, because of unfair restrictions limiting the community's authority to add the developed parcels to the tax rolls. These communities will now have an earlier opportunity for some tax benefits from the development, by allowing increases in assessed valuation that exceed \$100,000 or fifty per cent over the prior year's valuation, whichever is less, to be added to the tax rolls. Presently, the parcel must exceed 50 percent of valuation in order to be added to the tax base. Residential property assessments would continue to have the 50 percent increase in valuation rule apply.

Approved July 10, 1984

Chapter 201 AN ACT FURTHER REGULATING THE COLLECTION OF
(H.5514) THE EXCISE TAX ON CIGARETTES.

This new law requires the use of paper decals, rather than ink impressions, to signify that the excise has been paid on a pack of cigarettes. Proponents argue that this requirement will discourage counterfeiting and enhance enforcement of the tax laws. Additionally, some proponents claim that this change will produce a \$40 million revenue increase. This chapter also dedicates the first 40% of all cigarette tax revenues in excess of \$169.8 million per year to the Local Aid Fund. The \$169.8 million is the estimate of cigarette tax revenues for fiscal year 1985 appearing in House 1.

Approved July 12, 1984

Chapter 213 AN ACT VALIDATING CERTAIN PROCEEDINGS OF THE
(H.6049) CITY OF SOMERVILLE AND AUTHORIZING THE CITY TO
BORROW MONEY FOR THE PURPOSE OF MAKING CERTAIN
PAYMENT TO BOSTON EDISON COMPANY RELATING TO
OVERPAYMENT OF TAXES

Somerville is allowed by this Act to float bonds not in excess of \$6 million in the aggregate in order to refund overpayment of taxes by Boston Edison in the city of Somerville

Approved July 13, 1984

Chapter 315. AN ACT AUTHORIZING AN ADDITIONAL TIME PERIOD FOR
(H.6211) THE TOWN OF TRURO TO ADD OMITTED PROPERTY TO THE
TAX LIST FOR THE FISCAL YEAR NINETEEN HUNDRED AND
EIGHTY-FOUR

Chapter 53 of the Acts of 1984 permits communities to add omitted assessments to the tax rolls up to June 20 or ninety days after the mailing of tax bills. This special act is necessary for Truro because the town was not able to make the additions within the allowed period.

Approved December 6, 1984

Chapter 325 AN ACT FURHTER REGULATING THE EXPENDITURES OF THE
(S1730) OLD ROCHESTER REGIONAL SCHOOL DISTRICT.

This chapter gives the old Rochester Regional School District some fiscal flexibility in order to pay for expenditures involved in the repair of a school roof.

Approved December 10, 1984

Chapter 334 AN ACT ESTABLISHING THE TOWN OF WINTHROP SCHOLARSHIP
(H.5902) FUND

This chapter establishes a special town of Winthrop Scholarship Fund, and provides for the opportunity for Winthrop taxpayers to make voluntary contributions to this Fund on their municipal tax bills, especially the motor vehicle excise bill. Taxpayers will be able to "check-off" a contribution each year. The fund will be used to financially assist Winthrop residents pursue an education beyond the secondary school level.

Approved December 13, 1984

Chapter 335 AN ACT AUTHORIZING THE CITY OF CHICOPEE TO ISSUE
(H.6333) CERTAIN ESTIMATED TAX BILLS AND EXTENDING THE TIME
ALLOWED TO ISSUE TAX BILLS.

This Special Act provides Chicopee with the opportunity to send out estimated and staggered tax bills to its taxpayers so that the citizens will not experience too sharp an increase in taxes in a relatively short span of time.

Approved December 13, 1984

Chapter 358 AN ACT RELATIVE TO THE ROOM OCCUPANCY EXCISE

(H.5512)

The current law requires "Lodging Houses" to be licensed when rooms are let to four or more persons, however, the room occupancy excise of two dollars per day was not imposed unless the lodging house let rooms to five or more persons.

Chapter 358 provides for the excise to be imposed in lodging houses which let rooms to four or more persons, thus making licensing and taxing requirements equal.

The new law also raises to fifteen dollars per day, the threshold at which a tax will be imposed.

Approved December 18, 1984

Chapter 379 AN ACT AUTHORIZING ESTIMATED TAX PAYMENTS FOR THE
(H.6310) CITY OF LYNN FOR THE FIRST HALF OF FISCAL YEAR NINETEEN
HUNDRED AND EIGHTY-FIVE

This chapter authorizes the City of Lynn to send out estimated tax bills for fiscal year 1985, not to exceed fifty per cent of the tax payable during the perceding fiscal year. Any remedies or exemptions applicable from the date that the tax bill is issued shall be resolved, once the tax rate is certified. This special act for Lynn is necessary because Lynn is not undertaking a general revaluation, and hence, does not qualify to take advantage of the provisions of Chapter 175 of the Acts of 1984.

Approved December 21, 1984

Chapter 402 AN ACT EXEMPTING THE TOWN OF GOSNOLD FROM ASSESSMENT
(S.2122) OF CERTAIN COUNTY TAXES

Subject to the approval of the County Commissioners and Advisory Board of Dukes County, the town of Gosnold shall be exempt from assessments for certain services performed by Dukes County because the Town of Gosnold does not benefit from or use these services.

Approved December 27, 1984

Chapter 409 AN ACT EXEMPTING CERTAIN MEDICAL EQUIPMENT FROM THE
(H.1146) RETAIL SALES TAX ON CERTAIN TANGIBLE PERSONAL PROPERTY.

This chapter will add an extensive list of medical supplies and equipment to other items exempt from the 5 per cent sales and use tax. Items may be either purchased or rented, and need only to be prescribed by a physician.

Approved December 27, 1984

Chapter 465 AN ACT PROVIDING FOR AN EXPEDITED PROCEDURE RELATIVE
(S2208) TO ABATEMENTS OF TAXES ON CERTAIN ABANDONED REAL
PROPERTY.

This proposal will speed up the process for denying or granting abatements on abandoned residential property of six units or less that are proposed to be rehabilitated. There are limits set on the number of units that can be rehabilitated in this manner by the same developer, although community development corporations will not be restricted. The Commissioner of Revenue will set down rules and regulations and make approval of the procedures used, when granting or denying these abatements on abandoned residential property.

Approved January 7, 1984

Chapter 481 AN ACT AUTHORIZING CERTAIN ORGANIZATIONS IN THE TOWN OF
(H.6372) NANTUCKET TO FILE FOR CERTAIN PROPERTY TAX EXEMPTIONS

This chapter provides for an extension of time until January 30, 1985 for eleven charitable associations in Nantucket to file a list of their property with the assessors in order to be eligible for a property tax exemption, which each would have been eligible for in any case, had they not missed the earlier filing date. This special act applies to FY 1985 only.

Approved January 7, 1985

Chapter 485 AN ACT CHANGING THE METHOD OF TAXATION OF THRIFT
(H6034) INSTITUTIONS AND ESTABLISHING A THRIFT INSTITUTIONS
FUND FOR CAPITAL AND ECONOMIC DEVELOPMENT.

This chapter will reduce taxes on state/federal savings banks, state S & L's and cooperative banks to the level of taxes on commercial banks. In return for this tax parity, the banks affected will become members of an association to be called the Thrift Institutions Fund for Capital and Economic Development. As members, the banks will have to provide \$100 million as loans to the Fund. The Fund will, in turn, loan the money to private parties. Preference for loans shall be given to economic development projects located in cities and towns whose unemployment is greater than the statewide average.

Approved January 8, 1985

VETOES

Supplemental

The fiscal year 1985 State Budget enacted by the General Court contained personal income tax revisions. These tax reductions were vetoed by Governor Dukakis, the House of Representatives reversed itself late and upheld the veto. (see outside section 4A, 4B, 4C, 4D and 4E of Chapter 188 of the Acts of 1984)

Various amendments providing personal income tax cuts were proposed by the House and Senate individually during budget debate on the floor. The provisions in Chapter 188 were the result of a Conference Committee report.

The provisions vetoed would have provided for:

1. The personal exemption for taxpayers, persons over 65 years of age, the blind, and dependents would be increased by \$200. eff. 1-1-85
2. The non-wage earning spouse exemption would be increased by \$500. eff. 1-1-85.
Again by \$300 the following year. eff. 1-1-86

Increased by \$300 again. 1-1-87

And again by \$300 the following year. 1-1-88

... At this point the wage earning taxpayer and the non-wage earning spouse would each have a personal exemption of equal value, that is, \$2,400. eff. 1-1-88

3. Effective 1-1-85, single taxpayers over 65 would not be taxed on the first \$2,000 of unearned income (\$2,200 for joint returns)
Effective 1-1-86, single taxpayers over 65 would not be taxed on the first \$4,000 of unearned income (\$4,400 for joint returns)
Effective 1-1-87, single taxpayers over 65 would not be taxed on the first \$6,000 of unearned income (\$6,600 for joint returns)

Financing Mechanism contained in MassBank legislation

Opinion of the Justices to the House of Representatives, 393 Mass 1290 (1984)

Considerable debate surrounded the issue as to whether the Massbank legislation (see H.6140 of 1984) as drafted would be in violation of Article 63 of the State's Constitution. On October 2, 1984, the House of Representatives decided to ask several questions of the Supreme Judicial Court concerning the constitutionality of the financing mechanism in the Massbank proposal before taking further action (see H.6223 of 1984). Opinions were returned from the Justices on November 29, 1984 holding the provisions to be constitutionally sound (see H.6316 of 1984).

The Opinions of the Honorable Justices of the Supreme Judicial Court were required by the House of Representatives upon the following important questions of law:

1. (a) Is the assessment established in Chapter 63D of the General Laws, inserted by section 19 of House, Bill 6140, a tax?

(b) If the answer to (a) is that said Chapter 63D established a tax:

(i) Is it constitutionally competent for the General Court to establish such a tax for the purpose of funding a body politic and corporate as set forth in section 4 of House, Bill 6140 which creates a class of bondholders as beneficiaries of state revenue?

(ii) Is it constitutionally competent for the General Court to delegate to the commissioner of revenue the power to increase or decrease the rates of assessment of a tax as set forth in said Chapter 63D, inserted by section 19 of House, Bill 6140? ANSWER TO QUESTION 1 (b) (ii), "YES";

2. Would it be violative of Section 1 of Article 63 of the Amendments to the Constitution to provide that revenue received as provided in sections 18 and 19 of House, Bill 6140 shall not be "money received on account of the commonwealth" and therefore, may not be paid into the treasury thereof? ANSWER TO QUESTION 2, "NO";

3. Would it be violative of Sections 2, 3 and 4 of Article 63 of the Amendments to the constitution to provide that revenue received by the state treasury pursuant to sections 18 and 19 of House, Bill 6140 may be expended without appropriation? ANSWER TO QUESTION 3, "NO";

4. Would it be violative of Article 30 of Part 1 or article 4 of Section 1 of Chapter 1 of Part 2 of the Constitution to grant the commissioner of revenue the discretionary powers to set out in section 24 of House, Bill 6140? ANSWER TO QUESTION 4, "NO";

5. Considering the provisions of section 7 of House, bill 6140 that MASS/BANK may issue debt obligations for state infrastructure programs or projects only with a two-thirds vote of the General Court; and considering the provisions of section 8 of said House Bill 6140 relative to the maintenance of a debt reserve fund; and considering the source of revenue assets or funds available to MASS/BANK for the payment of its debt obligations, do the debt obligations of MASS/BANK authorized by House, Bill 6140 constitute, as a matter of law, a debt of the commonwealth or a pledge of its faith and credit, notwithstanding the provisions of section 9 of said House, Bill 6140 to the contrary? ANSWER TO QUESTION 5 "NO" as to debt; "YES" as to pledge.

Unitary Method of Assessment

Polaroid Corp. v. Commissioner of revenue, 393 Mass 490 (1984)

The Justices found that under current statutory law, neither the Commissioner of Revenue nor a taxpayer has the right to require or request a unitary method of assessment.

